

## **MORE SMALL BUSINESSES WILL PAY A SMALLER FEE FOR TAX RULINGS**

WASHINGTON -- Many more small businesses will now pay less when they request a private letter ruling from the Internal Revenue Service. The IRS announced today that beginning January 11, 1999, businesses with less than \$1 million in gross income will qualify for a special \$500 user fee.

Previously the \$500 reduced user fee for requesting a ruling applied only to business or individual taxpayers with gross income of less than \$150,000. The threshold has been raised to \$1 million for businesses to allow more businesses to qualify for the reduced fee.

"The decision to increase the threshold for the lower fee will allow many small businesses to get the assurance they need when encountering complex tax issues," Commissioner of Internal Revenue Charles O. Rossotti said. "Many small businesses might need to ask for this type of assistance only once, and we felt that they should get relief from the standard charge."

A private letter ruling is a written statement issued to a taxpayer by the national office of the IRS that interprets and applies the tax laws to the taxpayer's specific set of facts.

The fee for most other private letter ruling requests is \$5,000. These rulings generally involve sophisticated and complex issues of tax law.

The IRS is authorized by law to collect user fees to recover the costs of performing certain taxpayer requests. In the case of private letter ruling requests, the IRS may charge less than the government's full costs for policy or other reasons. The reduced user fee for certain private letter rulings was established in 1990 to make the ruling process more available to small taxpayers. The fee and gross income thresholds have not been changed since 1990. The new \$5,000 user fee for other requests, previously \$3,650, is based on rising costs to process these requests. It is still well below the actual cost to the IRS.

Information on this and other new user fees can be found in Revenue Proc. 99-1, which can be found in Internal Revenue Bulletin 1999-1, dated January 4, 1999.

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